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ABSTRACT

This paper describes one of the key issue areas addressed by the White House Conference on Small Business, January 13-17, 1980. This issue area of Education, Training and Assistance was one of twelve major conference themes, which included Capital Formation and Retention: Minority Business Development: Economic Policy and Government Programs: Women in Business: Government Regulation and Paper work: Inflation: International Trade: Federal Procurement: Energy: Innovation and Technology: and Veterans in Business. This paper is divided into three areas of discussion. First, the pre-conference background of the issue area is described. Next, an analysis of the working issue agenda is presented along with the final conference recommendations. Finally, a discussion of problems and post-conference concerns regarding education, training, and management assistance in small business is presented. The purpose of the paper is to offer some suggestions as to why education, training, and management assistance, although a vital issue to small business, did not emerge as a critical priority at the White House Conference. (Author/BM)

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The White House Conference on Small Business

EDUCATION, TRAINING AND ASSISTANCE:

AN ISSUE BUT NOT A PRIORITY

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The White House Conference on Small Business

EDUCATION, TRAINING AND ASSISTANCE: AN ISSUE BUT NOT A PRIORITY

This paper describes one of the key issue areas addressed by the White House Conference on Small Business, January 13-17, 1980. The Education, Training and Assistance issue area was one of twelve major Conference themes, which included Capital Formation and Retention; Minority Business Development; Economic Policy and Government Programs; Women in Business; Government Regulation and Paperwork; Inflation; International Trade; Federal Procurement; Energy; Innovation and Technology; and Veterans in Business.

The paper is divided into three areas of discussion. Briefly, these areas include: (1) a description of the pre-Conference background of this particular issue area; (2) an analysis of the working issue agenda and the final Conference recommendations; and (3) a discussion of problems and post-Conference concerns in this issue area. The purpose of the paper is to offer some suggestions as to why Education, Training, and Assistance, although a vital issue to small business, did not emerge as a critical priority at the White House Conference.

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1. Pre-Conference Background of the Issue Area

The White House Conference on Small Business was formed after a Presidential directive in April 1978. President Carter's stated purpose emphasized that "such a conference can help us identify the many special problems facing small business and design a course of action that can address these problems in a constructive way." The subtitle of the Conference reinforces the significance and the scope of such a goal: "Small Business: The Next Twenty-Five Years."

The Conference represented the first major nationwide effort to reflect the views and concerns of small business men and women as a group. In order to provide maximum participation of the small business community, fifty-seven open forums and regional conferences were held in eighteen months to identify major issues and elect Conference delegates. During the fall of 1979 ten regional delegate caucuses were held to select issue agendas for the Conference. It is estimated that more than 30,000 people actively participated in this "grass roots" pre-Conference phase.

In addition to the Conference itself, the White House Commission on Small Business was formed in May 1978. Made up of eleven members appointed by the President, the Commission's purpose was to act as an advisory body to the Conference, report the Conference results to the President, and recommend specific initiatives in the executive, legislative, and private sectors for addressing problems of small and independent business.

Prior to the first regional conference in August 1978 and the first open forum in September 1978, the Research and Policy Staff of the White House Conference prepared "discussion papers" in certain key areas to help participants focus on the major concerns and issues in small business. Since it was the purpose of these "grass-roots" meetings to identify problem areas and gather as many opinions as possible for the formulation of specific policies, these discussion papers were important in the issue formation stages of pre-Conference activities.

Since education, training and assistance were not grouped together as a single issue until just prior to the Conference itself, it is not surprising that there was no single discussion paper which specifically addressed education for small business from a broad, generalized perspective. However, two of the original papers, "Women in Business" and "Minority Business Development," did touch upon issues in education common to both women and minorities. These problem areas concerned failure rates which are directly traceable to a lack of adequate educational preparation for small business and unequal access to relevant, realistic, and supportive training programs. Another discussion paper, "Human Resource Development," discussed issues such as on-the-job-training and specific training programs, particularly at the community level. "Small Business and Management Assistance" discussed the "one-stop full service" concept of the Small Business Development Center (SBDC's) and the problems of fragmented government programs.

An important part of the development of issues and options for the White House Conference was the formation of Task Forces related to the major issue areas. As of March 1979 the Conference staff had proposed eight Task Forces made up of a Chair, one or two Commissioners, a staff person, and members selected from across the nation. The eight Task Forces reflected the following identified issue areas: Capital Formation; Economic Policy Development and Government Programs; Federal Procurement; International Trade; Minority Business Development; Women in Business; Inflation; and Government Regulations and Paperwork.

Four other issue areas (which together would make up the final twelve subjects on the Conference agenda) were yet to be identified. These issues were: Energy; Innovation and Technology; Veterans in Business; and Education, Training and Assistance. The eventuality of some additional issue areas beyond the original eight had been expected, although no topics had been specifically projected.

The major objectives of each of the eight Task Forces were to advise on the scope of research, define issues, and assist on preparation of option papers for the Conference. The attached flow diagram indicates the basic research process and the projected time frames for option paper development. (See page 5.) As of March 1979 the question of education for small business was viewed as a relatively small subset of the overall scope of work for the Economic Policy Development and Government Programs Task Force.

Research work under the topic of "entrepreneurial education" was performed by the Studies in Enterprise Education Research (SEER) Program,

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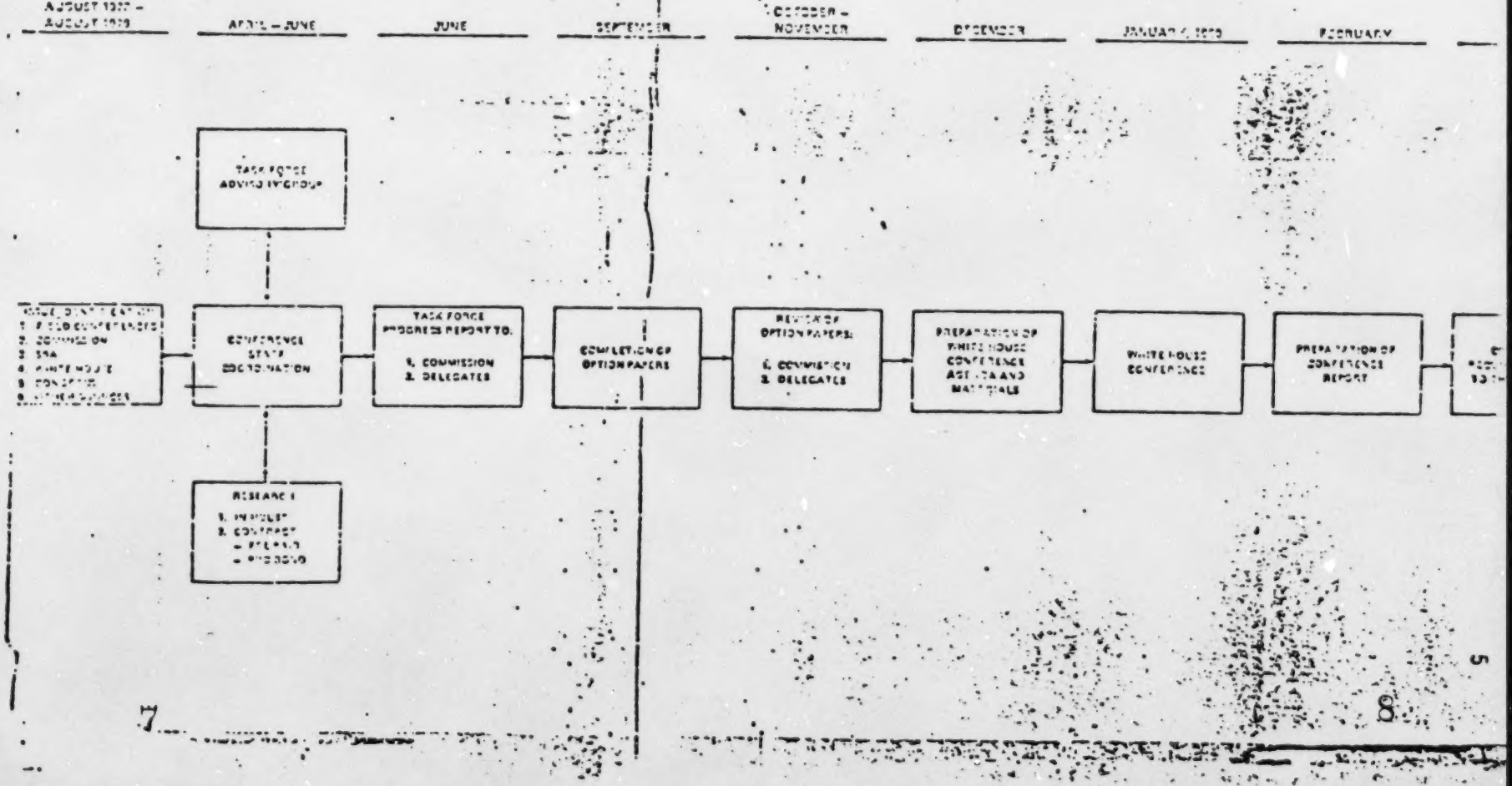

Institute for Constructive Capitalism, during June through August. At this point the deadline indicated by the research process flow diagram was basically being met. But by the time that option papers were to have been completed in September, it was clear to White House Conference staff, Task Force members, and others that "entrepreneurial education" was far too large an issue to be subsumed under Economic Policy Planning. Also, throughout the remaining regional meetings and open forums during the summer and fall of 1979 it became increasingly clear that both "entrepreneurial education" and "management assistance" were of key importance. It was decided to remove the topic of education from Economic Policy Planning altogether and to create a new and separate issue area.

By mid-November the White House Conference research staff was considering three related papers in this general area as a basis for a new option paper: the research paper entitled "An Overview of Needs in Entrepreneurial Education in the United States" and two draft option papers, "Education and Training" and "Management Assistance." These three papers were merged, and in late December a final option paper called "Education, Training and Assistance" was available from the White House staff. A Task Force for this issue area was formed from individuals who had contributed towards the earlier papers and drafts.

Education, Training and Assistance therefore did not follow the "normal" pattern of option paper development characteristic of those areas which had been identified with single-issue Task Forces early in the research process. Consequently, this issue area was not subject to the checks and balances or

the open examination of the many pre-Conference meetings. Naturally, the development pattern for the education area had repercussions on both the final Conference agenda and on the selection of priorities among the final recommended options. Some of these repurcussions include the lack of debate and systematic discussion during the pre-Conference phase as well as a certain unavoidable diversity among the options.

A word should be said regarding the rationale for merging the education, training and management assistance fields into one topic. A review of the entire area identified three distinct target groups of students or learners who require some form of instructional assistance in small and independent business. These three target areas are:

1. Future independent business persons - those who are considering small business ownership as a career choice;
2. Prospective independent business persons - those who are on the threshhold of small business ownership; and
3. Existing independent business persons - those who currently own small businesses.

With these three target groups in mind, it was determined that there is a continuum of educational and informational needs, rather than distinct and separable "forms" of education. For this reason, education, training and management assistance were merged together in the final issue area.

2. Conference Agenda and Recommendations in the Issue Area

The four-day White House Conference on Small Business in January 1980 focused on one objective: to develop a list of sixty top recommendations for strengthening the small business sector of the American economy. These recommendations were to be presented directly to the President for review through the final report of the White House Commission. This report was to be due within sixty days of the close of the Conference.

These sixty recommendations represent the top five priorities in each of the twelve issue areas. In addition, the 2100 delegates were to vote for the top fifteen priorities across issue lines. It has been widely recognized that Education, Training and Assistance are critical issues for American small business. But at this Conference not one option in the education issue area became a priority recommendation; that is, became one of the "top fifteen." However, the fine line that divides the "critical" from the "priority" can be seen in the fact that one option from Education, Training and Assistance did make the "top twenty."

The process of arriving at the final sixty recommendations naturally occupied the bulk of the Conference agenda. The Conference itself consisted of general sessions, public forums, and issue workshops. In order to promote covered [illegible] a "solution-oriented work process," each delegate was asked to select two issue areas and concentrate on those during the Conference. The task of the issue workshops was to produce a list of options arising either verbatim or amended from the relevant option paper or entirely from the workshop session itself. The moderators of all sections of each issue workshop then produced

a merged list of options. The delegates as a whole voted on these lists, thus producing the final set of sixty options, five from each issue area.

In the final option paper for Education, Training and Assistance there were 24 options, presented under two headings, "Formal Education and Training for Entrepreneurship" (Options 1-14) and "Continuing Education/Management Assistance for Entrepreneurship" (Options 15-24). It is interesting, although not surprising, that the list of options produced by the different sections of the issue workshop was longer than the option paper, containing 43 items.

The 43-item list of workshop options contained several groups of options that were blocked off as "similar in meaning - vote for one only." These options, differing in phrasing and emphasis, helped to account for the increased number of options in the workshop option list. The technique of alternate versions seems to have been used quite frequently in the Education, Training and Assistance issue area. This frequency may be due in part to the sensitivity of the issues involved and to a diversity of views as to how concretely some of the options should have been stated.

There were several groups of options which were similar in meaning. They covered the following areas:

1. Establishing a special Task Force for small business education or entrepreneurial education;
2. Strengthening the management assistance program of the Small Business Administration;

3. Establishing a National Policy for education and training;

4. Encouraging private sector/trade association involvement in management assistance; and

5. Strengthening formal education activities for women and minorities.

Three of these "option groups" became three of the final top five options. These "option groups" concerned establishing a Task Force, strengthening the Small Business Administration, and establishing a National Policy. A brief examination of the alternate versions of these three "option groups" might indicate the process through which the final recommended version was arrived at.

The wording of the final option advocating a national Task Force is:

> A Small Business Educational Task Force for entrepreneurial educational training shall be appointed by the President and coordinated by the Office of Advocacy. Task Force members shall come primarily from small business to initiate, promote and develop the incentives for demographically, projectionable, formal, business planning and case history-type continting education and public awareness (through all media) in small business. Mandate to the Task Force shall be to come up with self-liquidating (pay for themselves) programs for the benefit of small business. This should be achieved within 120 days.

The language and the implementation procedure of this option is far more specific than that of the other alternatives in the "option group." One version makes reference only to a "volunteer Task Force," and the others refer to a Task Force made up of "interests" from business, education and government. These other alternatives state rather indirectly that the Task Force should "be established," although one does specify the President in this process. The basic core option, common to all items in this "option group," is the establishment of the Task Force at a national level to promote and guide education, training and public awareness in small business. This was the top

option from this issue group, and in fact was the option to make the "top twenty" of the final Conference recommendations.

The wording of the option concerning the Small Business Administration management assistance program is:

> The Small Business Administration's management assistance programs should be strengthened and expanded by allocating a greater portion of the Agency's total resources to reflect an increased emphasis on management assistance rather than the traditional emphasis on financial assistance.

This option emphasizes a generalized but considerable shift in SBA function and priorities; from financial aid to educational assistance. The other alternatives in the option group reflect the same shift in function but are less emphatic. One alternative includes increased SBA information services and mentions increased partnerships with the business and academic communities. This final option, the second top priority in the educational issue area, indicates a generalized redirection of activities and a centralization of education and assistance programs in the Small Business Administration.

The third option in the final Conference listing is one concerning the establishment of a national educational policy. The wording is:

> A National Policy should be established for the support of entrepreneurial education and training, continuing education and management assistance, provided by the public and private sector, as an opportunity for every American who wishes to own his or her small business and should receive recognition as a priority from the highest levels of government.

One of the other alternatives in this group refers to the President "setting the tone," but the rest state simply that the policy should "be established." In this particular option group, the final option is more inclusive than the

other three.

The other two of the "top five" recommendations differ in origin from the previous three options. They essentially were derived from the workshop process itself, not directly from the option paper. The wording of the option regarding local support systems is:

> Establish "One-Shop Shops" under the coordination of SBA for small business assistance programs utilizing effective information systems and management assistance programs to serve the small business community of the local level, with primary implementation occuring through the private business sector, existing agencies and existing organizations.

This option indicates a clear preference for using existing resources and the local private sector for management assistance programs. It would seem to be a clear and, for this Conference, preferable alternative to the Small Business Development Center. The "one-stop shop" concept is not at issue; however, the focal point of delivery is definately at issue.

The background of this particular final option should be noted. Only one option in the Education, Training and Assistance issue area had evoked an organized protest. This was Option 16 in the final option paper, which states: "After evaluation, more Small Business Development Centers (SBDC's) should be established, one in each state." The National Federation of Independent Business (NFIB) circulated a broadsheet urging opposition to all efforts to establish such a nationwide program.

The basic argument against the SBDC concept, in the view of the NFIB, was further university involvement in training and assistance. The NFIB argued that the recommendation itself was submitted by a Task Force

"overwhelmingly comprised of academics," that the program was modeled on a costly and ineffective Agriculture Extension Service program, that the SBDC's undercut trade associations, and that the eight pilot programs already in existence reveal serious managerial and delivery problems. The SBDC's, in the words of the NFIB, show "...heavy reliance on already-existing programs (the Small Business Institute) and on classroom teaching rather than development of innovative methods of providing assistance, questionable use of students as management experts, and virtually no evaluation of the impact of assistance rendered."

In addition, the NFIB broadsheet recommended adoption of Option 23, which suggested that "The American Banker's Association should be encouraged to develop additional programs of management assistance to small business for implementation by member banks." (This option, by the way, was added to the final option paper after the original three research and draft papers had been merged).

To counter the NFIB effort, the Small Business Development Center at The University of Georgia prepared a fact sheet on the successes of its "model center" to show "a significant return on investment in this new public venture." Some of these economic impact figures included gross sales increases of SBDC clients and relatively small annual failure rates. But this sheet failed to counteract the effectiveness of the NFIB lobby. Opposition to the SBDC concept was, in fact, not only effective in eliminating Option 16 but apparently helped to create a new option which originated in the individual sessions of the issue workshop. This option became the

fourth in the final "top five" and outlined "one-stop shops" involving the Small Business Administration, existing agencies, and the private business sector, but not the universities.

Finally, the fifth option from the "top five" recommendations concerns tax incentives for education:

> Congress should enact legislation that would provide tas credits or other tax incentives for:
>
> A. Expenses incurred to educate small business owners and operators regarding the management of business; and
>
> B. Expenses incurred to conduct continuing education and training and to provide on-the-job entrepreneurship experience.

It is interesting to note that this option, deriving from the issue workshop rather than the option paper, echoes comments made at the two panel discussions on education for small business. This option indicates a willingness to try an incentive approach rather than a "bureaucratic approach" to education and training.

It is important in any analysis of the conference to place these "top five" recommendations in the perspective of the "top sixty." One way of assessing the priorities of concern at the White House Conference is to examine the relative strength of voting for the final sixty recommendations. Below is the number of votes cast for the top option from each of the twelve issue areas:

1.	Capital Formation and Retention	1129
2.	Inflation	807
3.	Government Regulations and Paperwork	757

4.	Innovation and Technology	746
5.	Women in Business	578
6.	Minority Business Development	472
7.	Economic Policy and Government Programs	471
8.	Education, Training and Assistance	400
9.	International Trade	397
10.	Federal Procurement	352
11.	Energy	334
12.	Veterans	294

If casting a vote is to be equated with indicating an order of importance, then clearly concern with inflation outranks concern with education and training. (In addition, the significantly fewer number of votes cast for the other four four educational options - 83, 95, 97 and 81 - indicate the delegates' overwhelming concern with other issue areas.)

Another way of assessing Conference priorities as expressed by the delegates is to examine the distribution of options among the "top fifteen." This distribution clearly reflects issues of immediate concern:

1.	Capital Formation and Retention	5
2.	Inflation	3
3.	Government Regulations and Paperwork	2
4.	Economic Policy and Government Programs	2
5.	Minority Business Development	1
6.	Innovation and Technology	1

7.	Women in Business	1
8.	Veterans	0
9.	Federal Procurement	0
10.	Energy	0
11.	International Trade	0
12.	Education, Training and Assistance	0

It must be remembered, of course, that one option from the educational area did make the "top 20." But Education, Training and Assistance was not a clear priority.

The significant point is that the "big four" priority areas tend to reflect immediate and broadscale concerns. This final result is not surprising; the priorities expressed by conferees would probably reflect nationwide concern about economic health. The problems of capital formation, inflation, government regulation and paperwork, and economic policy are highly visible and sufficiently pressing to cause general public awareness. It is also not surprising that, due to current topical importance and some political pressures, the problems of innovation and of women and minorities in small business are also acknowledged in the "top fifteen" issues.

3. Problems and Post-Conference Concerns of the Issue Area

It might be useful to ask why Education, Training and Assistance, although apparently perceived as a critical issue, just missed being a priority issue at this Conference. First, the issue area as a whole involves extremely long-

term thinking and planning. Education is not an area amenable to "technological fixes" or to specific legislative directives. It is also an area which, particularly in the case of public school instruction and the kinds of long-term commitments implied there, obviously requries some form of national economic planning and explicit commitment to small business itself.

If this country seriously wishes to commit itself to the revitalization of small business over the next twenty-five years, then obviously this commitment must include education and training as well as financial assistance and regulatory adjustments. The scope of educational and informational needs covers a broad spectrum or continuum, which means that a national commitment must be articulated in an integrated, developmental program of education for independent business. This program would include public schooling through continuing education. Finally, this national commitment and national policy must be substantiated by a nationwide program of public awareness and information. Without an informed and knowledgeable popular base, a genuine revitalization of successful small business would be improbable. Such a broad-based educational program for this country would be tantamount to the "educational mobilization" in manpower training and technology which has been taking place in Russia for the last twenty years.

Given the nature of this issue area, then, and the time scales involved, it is understandable why the educational issue was not "solved" through explicit directives at a four-day Conference. In fact, the intention of

the single option that did reach the final "top twenty" is quite clear. The intention is this: that it is necessary to carry the momentum of the White House Conference through to a specific but fundamental subset of the small business problem by means of a formally-instituted Task Force. In other words, the option-analyzing and policy-making procedures set in motion by the Conference must be continued forward but more narrowly focused for the Education, Training and Assistance issue.

Another problem which also concerned the educational issue area was the fundamental problem of definition. The Conference as a whole was haunted by the lack of a commonly accepted definition of the word "small business." Without such a definition, it is obvious that any discussion, whether of two-tiered regulation or education, will suffer. This problem was addressed in the Special Session on the Definition of Small Business, where it was recommended that a small business be defined as one that is owned and operated independently, and that the number of employees, from 0 to 499, be the criterion for defining small business. This definition, however, was not available for the issue workshops.

Consequently, since there had been no common definition of small business, the various options in the education, training, and assistance issue area had addressed a wide range of enterprises and their needs. The use of the word "entrepreneur," for example, which originated from the "entrepreneurial education" topic once under the Economic Policy Programs area, caused serious connotative problems for many delegates because of their view of themselves as independent business persons rather than as entrepreneurs.

Likewise, there was a problem with the name of the issue area itself. The National Federation of Independent Business in its broadsheet on the Small Business Development Centers continued to refer to this issue area as "Management Assistance," apparently failing to recognize the name change to "Education, Training and Assistance" or to see this whole area as an educational continuum. Evidently the first task of any National Task Force would be to define the term "small business" and to demarcate the boundaries of education in some consistent manner as was attempted in the introduction of the final option paper.

This problem of terminology is also involved in the cut-off point between "entrepreneur" and "small business person." The question, "Can we really teach entrepreneurship?" arose during the panel discussions and was echoed during the issue workshops themselves. This question involves the distinction between two related but separate activities, namely entrepreneurship and small business owner-management. Since it concerns the boundary between inherent characteristics and trainable aptitudes, this question must be resolved before any national policy can be articulated and any national Task Force can be effective.

Another problem which may be inherent to this issue area is a concern with the activities of universities in education, training and assistance for small business. This concern surfaced visibly and with a degree of hostility against university involvement during the first panel discussion. Audience comments included the observation that adult education programs and community colleges, not universities, have manifested the most interest in this

educational area. There was also a comment that tenured faculty can not have the same perceptions about a market economy as do business persons. Clearly the National Federation of Independent Business (NFIB) broadsheet and other lobbying efforts against the Small Business Development Centers (SBDC) concept specifically isolated the university as a target of opposition.

It might be useful to suggest that this concern with universities does not necessarily reflect anti-intellectual or anti-academic feelings per se, although there is an undeniable degree of both present. Rather, the position regarding universities apparently reflects two other factors: size and emphasis. First, big universities are equipped to deal with big business and are in the habit of doing so. Their size, in addition to traditional orientation, appears to make universities unsuitable for education for small business, at least in the view of many delegates. Secondly, a common attitude seemed to be that practitioners, i.e., experienced small business persons, should be more heavily engaged in training and assistance. The motto "Business helping business" meant for many delegates a desire for practicality, which many apparently did not associate with the universities.

Another political and ideological problem in the Education, Training and Assistance area was the lack of organization or cohesive lobbying at the Conference. This is understandable given the lack of concreteness in many of the options and also the diverse opinions as to what constituted this issue area. The only significant lobbying was directed against the specific issue of Small Business Development Centers, rather than for any

program. Delegates who were heavily involved with the issue area of "women in business" or "minorities in business" were able to work together in order to place their respective options in the final "top 15," but no such clearly defined constituency existed in the educational area.

Finally, voting and implementation plans for the Educational, Training and Assistance area was fragmented by the diversity of the topic itself. It is significant that in this area alone a Task Force and the establishment of a National Policy was recommended. Both of these recommendations seem to address the need for a continuation of the exploratory, option-generated process.

It is to be hoped that in the establishment of the Task Force and National Policy that this whole issue area will be seen from the perspective of a developmental, systematic approach to the instructional/informational needs of small business. In this sense a National Policy is synonymous with a national commitment to a revitalized small business sector over a period of years. Public awareness would become the foundation of, rather than an afterthought to, a developmental program of education for small business throughout the public schools. This public school effort, which would require the development of new curricular materials, would infuse small business education into existing programs of career and free enterprise education, as well as in programs of general economic literacy. Education and training would continue in diverse post-secondary avenues in the form of classroom and on-the-job learning.

In this broad developmental perspective, which is the only perspective which would achieve genuine teaching/learning effectiveness, a national policy for small business education becomes part of long-range economic policy. It is to be hoped that those involved in the further implementation process recognize the scope of the issue area they are working with. In the White House Conference on Library and Information Services, held in November 1979 just prior to this conference, it was determined that information processing and symbol manipulation are the most significant activities in our nation today. Financial incentives, adjustment of regulations, and tax relief will not alone solve the problems of small business. Access to information, familiarity with the symbols of the business process, and training inside and outside the classroom are essential to the "re-seeding" of American independent business. Education, Training and Assistance is without a doubt a critical area. It must be viewed as a priority area if small business is to be revitalized in this quarter century.